

# *Executive Summary*

Listed below are the highlights from the 2001 Montana Workers' Compensation Annual Report. This report contains information about Montana's workers' compensation system, including injury statistics and characteristics, benefits paid to claimants and payments made by insurers to others in the system, dispute resolution, and miscellaneous regulatory programs and functions.

## *Claims Statistics ..... 15-24*

There were 33,549 claims reported in FY01 compared with 33,075 reported in FY00. This is an increase of 1.4% from FY00. The number of claims reported by the private carriers remained fixed while claims reported by self-insurers and State Fund had a slight increase of about 3%.

The service industry was responsible for 25.3% of all claims reported in FY01. Retail trade had the second largest percentage of claims, 14.3%.

The typical injured worker is male, employed in a service industry, and suffering a strain or sprain to an upper extremity.

From FY97 to date, the percentage of males reporting work related injuries has held steady at approximately two-thirds of all cases reported.

## *Benefits ..... 27-32*

The payment information reported to the Department of Labor and Industry on subsequent reports is for indemnity claims only. The date of injury, and average payment and duration by benefit type, are calculated to present a comparison between benefits over time. This year's presentation contains data from claims closed during one year. The Department cautions readers against making comparisons or reaching conclusions based solely on this data.

The total indemnity (wage loss) and medical benefits paid in FY01 was \$179,376,566 compared to \$155,122,499 in FY00. This is an increase of \$24,254,067 or 13.5%

The upward trend continued in both indemnity and medical benefit payments by all insurers. Private carriers (plan 2) had the largest increase of 19.6%, while self-insurers (plan 1) increased 15.6%. Payments by the State Fund (plan 3) rose 5.9%.

Average settlement amounts have been decreasing since 1987, corresponding to legislative reductions in benefits to injured workers.

In FY01, attorneys represented injured workers in 2.3% of all claims reported, but attorneys represented injured workers in 18.1% of all claims settled in FY01.

### *Dispute Resolution .....37-44*

The Claims unit of the Employment Relations Division is responsible for the occupational disease (OD) panel process. In FY01, 167 OD cases were processed.

The number of mediation petitions received in FY01 rose 2% from FY00. Mediation resolved approximately 79% of its cases over the past 5 years. In FY01, mediation took an average of 37 days to complete a case for which a conference was held and a written recommendation issued.

The Hearings Bureau received 19 petitions for contested case hearing in FY01, a decrease of 39% from FY00. The Hearings Bureau closed or settled 23 petitions in FY01.

The Workers' Compensation Court received 228 petitions, dismissed 136 petitions, and issued 90 decisions in FY01.

### *Cost of Regulatory Functions..... 48*

The cost of administering the Workers' Compensation and Occupational Disease Acts and the various occupational safety laws is funded by an assessment to the Plan 1, Plan 2, and Plan 3 insurers. The cost of the regulatory functions in FY01 was \$3,947,729. Beginning in FY2000, a new process was instituted and each insurer was assessed 3% of benefits paid.

### *Subsequent Injury Fund ..... 49*

Subsequent Injury Fund (SIF) payments in FY01 for all dates of injury were \$28,569. There were 166 new SIF certifications during FY01 resulting in a total of 2,859 certified employees in the state of Montana.

## *Uninsured Employers' Fund (UEF) ..... 50-51*

UEF collections for FY01 totaled \$1,051,941, compared to approximately \$1,580,000 in FY00.

In FY01, the UEF unit received 86 new claims. Injured workers received \$536,464 in medical and indemnity benefits in FY01.

## *Occupational Safety & Health ..... 52-53*

The Safety & Health Bureau completed 341 mandatory inspections of public employers and 142 on-site inspections of private employers. There were 38 coal-mining inspections performed and 172 metal/nonmetal-mining inspections.

There were 89 formal training sessions conducted by the Bureau in FY00. The number of public sector workers trained increased from 572 in FY00, to 1,048 in FY01. The number of private sector workers trained in FY01 totaled 598.

## *Independent Contractor Exemptions ..... 54-55*

An individual who meets the definition of an independent contractor may apply for an exemption from obtaining workers' compensation insurance coverage as an individual.

In FY01 there were 7,455 new independent contractor exemptions issued, 4,329 renewals, and a total of 27,043 active independent contractors. The construction industry accounted for approximately 51% of all independent contractors.

## *Professional Employer Organizations (PEOs) ..... 56- 57*

In order to become licensed as a PEO, an application must be submitted which includes proof of workers' compensation coverage. Currently, the department has licensed 23 PEOs. These PEOs represent 388 Montana clients, which is an increase of 9.5% since FY00.